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ANTHONY M. MILONE  
PRESIDENT

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March 19, 2004

Ms. Jennifer J. Johnson, secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, D.C. 20551

Dear Ms. Johnson:

As a community banker, I strongly endorse the federal bank regulators' proposal to increase the asset size of banks eligible for the small bank streamlined Community Reinvestment Act (CRA) examination from \$250 million to \$500 million and elimination of the holding company size limit. This proposal will greatly reduce regulatory burden. I am the President of Cross County Federal Savings Bank a \$352 million asset size bank located in Middle Village, Queens, New York.

The small bank CRA examination process was an excellent innovation. As a community banker, I applaud the agencies for recognizing that it is time to expand this critical burden reduction benefit to larger community banks. When a bank must comply with the requirements of the large bank CRA evaluation process, the costs and burdens increase dramatically.

Adjusting the asset size limit also more accurately reflects significant changes and consolidation within the banking industry in the last 10 years. To be fair, banks should be evaluated against their peers, not banks hundreds of times their size.

Ironically, community activists seem oblivious to the costs and burdens. And yet, they object to bank mergers that remove the local bank from the community. This is contradictory. If community groups want to keep the local banks in the community where they have better access to decision makers, they must recognize that regulatory

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
March 19, 2004  
Page Two

burdens are strangling smaller institutions and forcing them to consider selling to larger institutions that can better manage the burdens.

Increasing the size of banks eligible for the small bank streamlined CRA examination does not relieve banks from CRA responsibilities. Since the survival of many community banks is closely intertwined with success and viability of their communities, the increase will merely eliminate some of the most burdensome requirements.

In summary, I believe that increasing the asset size of the banks eligible for the small bank streamlined CRA examination process is as an important first step to reducing regulatory burden. I would also like the agencies to seriously consider raising the size of banks eligible for the streamlined examination to \$2 billion or, at least, \$1 billion in assets to better reflect the current demographics of the banking industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Amilone", is written over a light gray rectangular background.

Anthony M. Milone  
President

/jg